



**COUNTY OF LOS ANGELES**  
**DEPARTMENT OF PUBLIC WORKS**

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100  
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**GAIL FARBER, Director**

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

June 06, 2012

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

**65 June 6, 2012**

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**REQUEST TO TERMINATE LEASE AND TO FILE LAWSUIT  
TO RECOVER BREACH OF CONTRACT DAMAGES  
UNDER LEASE AGREEMENT NO. 74571  
TUJUNGA WASH PARCELS 58-1/2L, 60L, 772L, 773L, 774L, 775L,  
780L, 781L, AND 786L  
CITY OF LOS ANGELES  
(SUPERVISORIAL DISTRICT 3)  
(3 VOTES)**

**SUBJECT**

12729 Riverside, LLC, the Lessee of Lease Agreement No. 74571, is in breach of contract due to its nonpayment of rent. This action is to delegate authority to terminate Lease Agreement No. 74571 and recover damages for the Lessee's default.

**IT IS RECOMMENDED THAT YOUR BOARD ACTING AS THE GOVERNING BODY OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT:**

1. Delegate authority to the Chief Engineer of the Los Angeles County Flood Control District, or her designee, to terminate Lease Agreement No. 74571.
2. Authorize County Counsel, on behalf of the Los Angeles County Flood Control District, to file a lawsuit to enforce the necessary remedies for default provided by law.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended actions is to obtain approval from your Board, acting as the governing body of the Los Angeles County Flood Control District (LACFCD), to authorize the Chief Engineer of the LACFCD, or her designee, to terminate Lease Agreement No. 74571 (Lease) and to authorize County Counsel to file a lawsuit to enforce remedies for default available pursuant to the Lease and California law.

## **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provisions of Operational Effectiveness (Goal 1) and Fiscal Responsibility (Goal 2). These actions help promote fiscal responsibility by facilitating the collection of all rent owed to the LACFCD.

## **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund.

The rent under the Lease is \$42,604.92 per quarter for a total of \$170,419.68 per year. As of May 1, 2012, the Lessee owes \$170,419.68 in rent (four quarterly rent payments) and \$34,943.26 in late fees for a total of \$205,362.94. LACFCD also has a claim for future rent owed for the remainder of the Lease term to July 31, 2043.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On August 5, 2003, your Board approved the Lease between the LACFCD and the Lessee. The Lease was for a term of 40 years, with three 5-year options. The Lease is for vehicular parking, ingress and egress, and landscaping purposes over 55,547 square feet along the southwest portion of Tujunga Wash, adjacent to 12629 Riverside Drive, in the City of Los Angeles (Adjacent Property). The Lessee owned the Adjacent Property when your Board approved the Lease.

On January 21, 2010, the Lessee requested an early termination of the Lease. Since the Lease did not have an early termination clause, an early termination fee of \$1,674,739, the discounted present value of the remaining Lease term, was required. The Lessee declined to pay the early termination fee and continued making quarterly rent payments. On November 15, 2010, the Lessee sold the Adjacent Property, but retained the Lease. However, the Lessee subsequently ceased making rent payments.

The LACFCD has notified the Lessee of the default and allowed a reasonable period of time for the Lessee to cure the default. The Lessee refused to cure the default. The LACFCD seeks to terminate the Lease and, in addition to any other remedies the LACFCD may have at law, recover any unpaid rent and charges equivalent to rent having accrued, all costs associated with recovering the leased premises, all costs associated with performing obligations of Lessee under Lease, and the worth at the time of such termination of all rent and charges equivalent to rent lost over the remainder of the term.

**ENVIRONMENTAL DOCUMENTATION**

The proposed action is exempt from the California Environmental Quality Act (CEQA) in that it does not meet the definition of a project according to Sections 15378(b)(5) of the CEQA Guidelines. The action is an administrative activity of government that will not result in direct or indirect physical changes to the environment.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact on current services or projects.

**CONCLUSION**

Please return one adopted copy of this letter to the Department of Public Works, Survey/Mapping & Property Management Division. Retain the duplicate for your files.

Respectfully submitted,



GAIL FARBER

Director

GF:SGS:hp

c: Auditor-Controller (Accounting Division - Asset Management)  
Chief Executive Office (Rita Robinson)  
County Counsel  
Executive Office